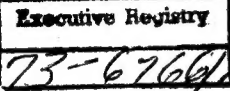


26 October 1973



MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Submission of Cost of Living Increase for
CIARDS

1. The DD/M&S is recommending that the Agency seek an amendment to the Central Intelligence Agency Retirement Act which would liberalize eligibility for cost of living increases for the CIARDS along the lines recently approved for the Civil Service Retirement System. There are several considerations which I think are pertinent from the legislative standpoint.

2. For one thing, I believe the Armed Services Committees will not be favorably disposed to press any legislation which is in any way controversial. This means that we must present an airtight case-- fully justified and fully documented.

3. Further, any proposal to liberalize benefits under the CIA Retirement Act is likely to trigger congressional interest in the current financial status of the Fund and we must be prepared to cope with this development. The Fund is not in good shape but we do have pending in OMB proposed legislation to place the Fund on a sound financial basis and we believe this fact should satisfy questions on this account.

4. A further consideration is the inherent risk involved in floor debate on any proposed CIA legislation. There is the possibility that the Proxmire's, the Cranston's and House members of similar persuasion will use such legislation to generate floor debate on the "statutory charter" of the Agency. Thus we would be presenting two opportunities for such debate if we go for the cost of living amendment now and our "retirement package" later. This risk is probably fairly minimal at this time in view of the Stennis/Nedzi proposals under way but it is, nevertheless, a possibility.

5. The cost of living amendment could be included in our "retirement package" in OMB but this would surely mean that the combined package would not be acted upon until some time in 1974-- too late for the optimum impact which the DD/M&S wishes to achieve, but we may be able to get retroactive dates for the legislation as we have done twice previously and thus assure that Agency employees and survivors receive the full benefit of the legislation.

6. Finally, a close inspection of the likely effect of the proposed amendment if it is enacted now will reveal that it probably will lead to an exodus from CIA this December rather than to a levelling of retirements--one of the principal managerial purposes of the original legislation.

7. Realizing that time could be of the essence, we have completed the necessary staff work with OMB on a legislative package for your transmittal to the Hill.

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8. On balance, I believe we owe it to our employees to pursue this amendment but I feel these rather negative aspects of our doing so should be brought to your attention.

John M. Maury
Legislative Counsel

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